SaskGaming

First Quarter Report
2015

For the three months ended March 31, 2015

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CORPORATE OVERVIEW

The Saskatchewan Gaming Corporation (SaskGaming or the Corporation) was established in 1994 as a Treasury Board Crown Corporation to operate casino gaming on behalf of the province of Saskatchewan. It currently operates Casino Regina and Casino Moose Jaw. Effective April 1, 2008, SaskGaming came under the direction of the Crown Investments Corporation of Saskatchewan (CIC). SaskGaming operates Casino Regina and Casino Moose Jaw under the regulatory authority of the Saskatchewan Liquor and Gaming Authority (SLGA).

Casino Regina, located in Regina's historic Union Station, opened to the public on January 26, 1996 and is a full-service entertainment facility offering slot machines, table games, a Show Lounge, restaurant, and on-site parking.

Casino Moose Jaw opened September 6, 2002. It offers guests table games, slot machines, food and beverage services and parking facilities. Entertainment is offered to Moose Jaw customers through a partnership with the Mae Wilson Theatre.

SaskGaming's vision is as follows:

SaskGaming is the recognized leader in providing gaming entertainment in Saskatchewan.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis highlights the primary factors that impacted the operations and financial results of SaskGaming for the three month period ended March 31, 2015. This discussion should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes. For additional information relative to its operations and financial position, refer to the Corporation's Annual Report for the year ended December 31, 2014.

FINANCIAL RESULTS

The following information provides details of the Corporation's financial performance for the period January 1 to March 31, 2015 with comparative information for 2014.

	Three months ended March 31			
(in 000's)	2015	2014	Change	%
Revenue	$ 30,331	$ 30,534	$ (203)	(0.7%)
Expenses	18,547	19,624	(1,077)	(5.5%)
Income before payment to General Revenue Fund	11,784	10,910	874	8.0%
Payment to GRF	5,892	5,455	437	8.0%
Net Income	$ 5,892	$ 5,455	$ 437	8.0%

SaskGaming's income before payment to the GRF for the first quarter of 2015 was $11.8 million, an increase over the same period in 2014 of $0.9 million. Revenues decreased $0.2 million, and expenses decreased $1.1 million.

1. Revenue
   Revenue for the first quarter was $30.3 million, a decrease of $0.2 million over the same period in 2014. Gaming revenues decreased $0.2 million. The gaming revenue decrease is largely due to a $0.3 million decline in slot revenues offset slightly by an increase in table revenues. Guest counts at Casino Regina decreased 2.9% from the prior year and at Casino Moose Jaw guest counts decreased 7.0%, which resulted in an overall decrease in guest counts year to date of 3.7% from 2014. Although overall guest counts have decreased, the average spend per slot guests remains above 2014 levels.

2. Expenses
   Total expenses for the first quarter were $18.5 million, a decrease year over year of $1.1 million. The decrease is due primarily to a Government of Saskatchewan spending restraint, which included a hiring freeze for the first three months of 2015.

OUTLOOK

The Corporation's income before payment to GRF target for 2015 is $51.9 million. At the end of the first quarter, income before payment to GRF is above budget by $0.7 million. At this time, SaskGaming believes it will achieve its income before payment to GRF target for 2015.

SASKATCHEWAN GAMING CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)

As at (in 000s)	March 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash	$ 12,158	$ 10,343
Accounts receivable	235	257
Inventory	273	285
Prepaid expenses	649	588
	13,315	11,473
Property, plant and equipment	61,447	61,521
	$ 74,762	$ 72,994
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	$ 10,968	$ 9,785
Payable to the General Revenue Fund	5,892	5,948
Dividend payable	5,189	4,802
Current portion of long-term debt	1,597	1,572
Current portion of finance lease obligation	282	275
	23,928	22,382
Long-term debt	1,266	1,674
Finance lease obligation	6,443	6,516
	31,637	30,572
Retained earnings	43,125	42,422
	43,125	42,422
	$ 74,762	$ 72,994

(See accompanying notes)

SASKATCHEWAN GAMING CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended March 31
(Unaudited)

(in 000s)	2015	2014
Revenue	$ 30,331	$ 30,534
Operating expenses	15,353	16,015
Depreciation	1,515	1,773
Taxes	703	782
Contractual obligations	754	754
Finance expense	222	300
Income before payment to the General Revenue Fund	11,784	10,910
Payment to the General Revenue Fund	5,892	5,455
Net income	5,892	5,455
Other comprehensive income	---	---
Comprehensive income	$ 5,892	$ 5,455

(See accompanying notes)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended March 31
(Unaudited)

(in 000s)	2015			2014		
	Retained Earnings	Equity Advance	Total	Retained Earnings	Equity Advance	Total
Balance as at January 1	$ 42,422	$ ---	$ 42,422	$ 37,442	$ 4,000	$ 41,442
Comprehensive income	5,892	---	5,892	5,455	---	5,455
Dividends	(5,189)	---	(5,189)	(5,040)	---	(5,040)
Balance as at March 31	$ 43,125	$ ---	$ 43,125	$ 37,857	$ 4,000	$ 41,857

(See accompanying notes)

SASKATCHEWAN GAMING CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended March 31
(Unaudited)

(in 000s)	2015	2014
Operating activities:		
Net income	$ 5,892	$ 5,455
Adjustments for:		
Finance expense	222	300
Depreciation	1,503	1,773
Loss on sale of property, plant and equipment	12	---
Changes in non-cash working capital balances:		
Accounts receivable	22	135
Inventory	12	40
Prepaid expenses	(61)	(437)
Trade and other payables	1,183	(994)
Payable to the General Revenue Fund	(56)	2,188
	8,729	8,460
Investing activities:		
Purchases of property, plant and equipment	(1,441)	(220)
	(1,441)	(220)
Financing activities:		
Dividends paid	(4,802)	(1,578)
Interest paid	(222)	(300)
Repayment of short term advance	---	(3,000)
Repayment of finance lease obligation	(66)	(59)
Repayment of long-term debt	(383)	(361)
	(5,473)	(5,298)
Increase in cash	1,815	2,942
Cash, beginning of period	10,343	10,841
Cash, end of period	$ 12,158	$ 13,783

(See accompanying notes)

SASKATCHEWAN GAMING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015
(Unaudited)

1. Description of Business

The Saskatchewan Gaming Corporation (SaskGaming) is a corporation domiciled in Canada. The address of SaskGaming's registered office and principal place of business is 1880 Saskatchewan Drive, Regina, SK, S4P 0B2.

SaskGaming manages and operates Casino Regina and Casino Moose Jaw. SaskGaming was established under *The Saskatchewan Gaming Corporation Act, 1994* (Act) to provide for separation of regulatory and operational aspects of gaming. SaskGaming must operate in accordance with statutory provisions established under Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997*. Regulation of SaskGaming's operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

SaskGaming operates under the direction of its owner, the Crown Investments Corporation of Saskatchewan (CIC). CIC is the provincial government's holding corporation for its commercial Crown corporations. The financial results of SaskGaming are included in the consolidated financial statements of CIC.

2. Basis of Preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 21, 2015.

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments which are classified as fair value through profit and loss, which are measured at fair value.

c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is SaskGaming's functional currency.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the application of

accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements include: useful lives of property, plant and equipment and the customer loyalty program.

3. Significant Accounting Policies

The accounting policies applied by SaskGaming in these condensed consolidated interim financial statements are consistent with those applied by SaskGaming in its December 31, 2014 annual financial statements.

4. Fair Value

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics such as risk and remaining maturities. Fair value measurements are subjective in nature, and represent point-in-time estimates which may not reflect fair value in the future.

The methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in Level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The fair values of long term debt and finance lease obligation are estimated by discounting the expected future cash flows using the interest rate of a Government of Canada bond with similar terms, adjusted for an appropriate risk premium.

(in 000s)			March 31, 2015		December 31, 2014	
Financial Instruments	Classification [1]	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	OFL	Level Two	$ 2,863	$ 2,995	$ 3,246	$ 3,400
Finance Lease obligation	OFL	Level Two	6,725	8,401	6,791	8,283

[1] Classification:
OFL - Other financial liabilities